2FC 1Navy
2WO 1FC/L
2Treas 2088
1FMA 1FC(Treas)
5EA
2War CB
12/14/44

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

RECEIVED DEPARTMENT OF STATE
1944 DEC 9 AM 10 15

AMERICAN EMBASSY

No. 19,489 DIVISION OF COMMUNICATIONS AND RECORDS
BY AIR POUCH

London, November 27, 1944

JAN 15 1945

Economic Warfare (Safehaven) Series: No. 6

Subject: 3FC CB 12/20/44 Transmitting Intelligence Report No. EW-Pa 128 by G-2 Economic Section, SHAEF, regarding plans of German industrialists for post-war operation.

~~SECRET~~

For Department, Treasury and Foreign Economic Administration. 1FC JAW 1/8/44

DEPARTMENT OF STATE JAN 9 1945 DIVISION OF COMMUNICATIONS & RECORDS

DIVISION OF FINANCIAL AND MONETARY AFFAIRS DEC 12 1944 DEPARTMENT OF STATE

The Honorable
The Secretary of State
Washington, D.C.

Sir:

I have the honor to enclose Intelligence Report No. EW-Pa 128 by G-2 Economic Section, SHAEF, dated November 7, 1944, describing the plans of German industrialists for the post-war resurrection of Germany. Among the topics dealt with in this report are: patents, financial reserves, exportation of capital, and the strategic placing of technical personnel.

Respectfully yours,
For the Ambassador:

DECLASSIFIED Authority NND 730032 By GL NARA, Date 12/9/91

John W. Easton
Lt. Colonel, F.A.
Economic Warfare Division

DIV. OF FOREIGN ACTIVITY CORRELATION JAN 11 1945 DEPARTMENT OF STATE

Enclosure:
Intelligence Report.

(Original and hectograph to Department)

JBW:jmc

DIVISION OF WORLD TRADE INTELLIGENCE DEC 15 1944 DEPARTMENT OF STATE

DCR - ECA Unit
Ard. AW
Enc. DCR
Dat.
Dist.

HECTO SENT TO DCR/C

FILED JAN 16 1945

800.515/11-2744

Confidential File

CS/MAH

DECLASSIFIED Authority NND 802116

Enclosure No. 1 to despatch No. 1489 of Nov. 27, 1944.
from the Embassy at London, England.

SECRET

SUPREME HEADQUARTERS
ALLIED EXPEDITIONARY FORCE
Office of Assistant Chief of Staff, G-2

7 November 1944

INTELLIGENCE REPORT NO. EW-Pa 128

SUBJECT: Plans of German industrialists to engage in underground activity after Germany's defeat; flow of capital to neutral countries.

SOURCE: Agent of French Deuxieme Bureau, recommended by Commandant Zindel. This agent is regarded as reliable and has worked for the French on German problems since 1916. He was in close contact with the Germans, particularly industrialists, during the occupation of France and he visited Germany as late as August, 1944.

1. A meeting of the principal German industrialists with interests in France was held on August 10, 1944, in the Hotel Rotes Haus in Strasbourg, France, and attended by the informant indicated above as the source. Among those present were the following:

Dr. Scheid, who presided, holding the rank of S.S. Obergruppenfuhrer and Director of the Hecho (Hermsdorff & Schonburg) Company
Dr. Kaspar, representing Krupp
Dr. Tolle, representing Rochling
Dr. Sinderen, representing Messerschmitt
Drs. Kopp, Vier and Beerwanger, representing Rheinmetall
Captain Haberkorn and Dr. Ruhe, representing Bussing
Drs. Ellenmayer and Kardos, representing Volkswagenwerk
Engineers Drose, Yanchew and Koppehen, representing various factories in Posen, Poland (Drose, Yanchew and Co., Brown-Boveri, Herkuleswerke, Buschwerke, and Stadtwerke)
Captain Dornbusch, head of the Industrial Inspection Section at Posen
Dr. Meyer, an official of the German Naval Ministry in Paris
Dr. Strossner, of the Ministry of Armament, Paris.

2. Dr. Scheid stated that all industrial material in France was to be evacuated to Germany immediately. The battle of France was lost for Germany and now the defense of the Siegfried Line was the main problem. From now on also German industry must realize that the war cannot be won and that it must take steps in preparation for a post-war commercial campaign. Each industrialist must make contacts and alliances with foreign firms, but this must be done individually and without attracting any suspicion. Moreover, the ground would have to be laid on the financial level for borrowing considerable sums from foreign countries after the war. As examples of the kind

of/

DECLASSIFIED Authority NND 802116

of penetration which had been most useful in the past, Dr. Scheid cited the fact that patents for stainless steel belonged to the Chemical Foundation, Inc., New York, and the Krupp Company of Germany jointly and that the U.S. Steel Corporation, Carnegie Illinois, American Steel and Wire, and National Tube, etc. were thereby under an obligation to work with the Krupp concern. He also cited the Zeiss Company, the Leica Company and the Hamburg-American Line as firms which had been especially effective in protecting German interests abroad and gave their New York addresses to the industrialists at this meeting.

3. Following this meeting a smaller one was held presided over by Dr. Bosse of the German Armaments Ministry and attended only by representatives of Hecho, Krupp and Rochling. At this second meeting it was stated that the Nazi Party had informed the industrialists that the war was practically lost but that it would continue until a guarantee of the unity of Germany could be obtained. German industrialists must, it was said, through their exports increase the strength of Germany. They must also prepare themselves to finance the Nazi Party which would be forced to go underground as Maquis (in Gebirgsverteidigungsstellen gehen). From now on the government would allocate large sums to industrialists so that each could establish a secure post-war foundation in foreign countries. Existing financial reserves in foreign countries must be placed at the disposal of the Party so that a strong German Empire can be created after the defeat. It is also immediately required that the large factories in Germany create small technical offices or research bureaus which would be absolutely independent and have no known connection with the factory. These bureaus will receive plans and drawings of new weapons as well as documents which they need to continue their research and which must not be allowed to fall into the hands of the enemy. These offices are to be established in large cities where they can be most successfully hidden as well as in little villages near sources of hydro-electric power where they can pretend to be studying the development of water resources. The existence of these is to be known only by very few people in each industry and by chiefs of the Nazi Party. Each office will have a liaison agent with the Party. As soon as the Party becomes strong enough to re-establish its control over Germany the industrialists will be paid for their effort and cooperation by concessions and orders.

4. These meetings seem to indicate that the prohibition against the export of capital which was rigorously enforced until now has been completely withdrawn and replaced by a new Nazi policy whereby industrialists with government assistance will export as much of their capital as possible. Previously exports of capital by German industrialists to neutral countries had to be accomplished rather surreptitiously and by means of special influence.

Now/

DECLASSIFIED Authority NND 802116

Now the Nazi party stands behind the industrialists and urges them to save themselves by getting funds outside Germany and at the same time to advance the Party's plans for its post-war operation. This freedom given to the industrialists further cements their relations with the Party by giving them a measure of protection.

5. The German industrialists are not only buying agricultural property in Germany but are placing their funds abroad, particularly in neutral countries. Two main banks through which this export of capital operates are the Basler Handelsbank and the Schweizerische Kreditanstalt of Zurich. Also there are a number of agencies in Switzerland which for a five per cent commission buy property in Switzerland, using a Swiss cloak.

6. After the defeat of Germany the Nazi Party recognizes that certain of its best known leaders will be condemned as war criminals. However, in cooperation with the industrialists it is arranging to place its less conspicuous but most important members in positions with various German factories as technical experts or members of its research and designing offices.

For the A.C. of S., G-2.

WALTER K. SCHWINN

G-2, Economic Section

Prepared by

MELVIN M. FAGEN

Distribution:

Same as EW-Pa 1.
U.S. Political Adviser, SHAEF
British Political Adviser, SHAEF

DECLASSIFIED Authority NND 802116